

AMENDED IN ASSEMBLY JULY 3, 2007

AMENDED IN SENATE JUNE 5, 2007

**SENATE BILL**

**No. 282**

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**Introduced by Senator Cox**

February 15, 2007

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An act to add Chapter 5 (commencing with Section 3351) to Part 2 of Division 3 of the Food and Agricultural Code, relating to state fairs.

LEGISLATIVE COUNSEL'S DIGEST

SB 282, as amended, Cox. State Fair Leasing Authority.

Existing law authorizes 2 or more public agencies to enter into a joint powers agreement to conduct agricultural, industrial, cultural, or other fairs or expositions. Under existing law, entities formed pursuant to a joint powers agreement have the authority to issue revenue bonds for the purposes of conducting a program or completing a project under its jurisdiction.

This bill would authorize the formation of a joint powers entity, the State Fair Leasing Authority, to be composed of the Department of Food and Agriculture, the Department of Finance, the Department of General Services, and the California Exposition and State Fair, appointed as specified. The authority would be authorized to enter into leases or other agreements for the use of the State Fair Race Track or any other property owned or controlled by the California Exposition and State Fair, and to enter into indebtedness, including issuing bonds, in order to carry out its purposes. ~~Any bonds, indebtedness, or other obligations shall be approved by the Legislature.~~ The bill would require the California Exposition and State Fair, in consultation with the authority, to prepare a master plan *approved by the board of directors of the fair*

for the long-range comprehensive development and improvement of the property of the California Exposition and State Fair.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. Chapter 5 (commencing with Section 3351) is added to Part 2 of Division 3 of the Food and Agricultural Code, to read:

CHAPTER 5. STATE FAIR LEASING AUTHORITY

3351. (a) There is hereby created the State Fair Leasing Authority, a joint powers authority formed pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code, which shall be composed of the Department of Food and Agriculture, the Department of Finance, the Department of General Services, and the California Exposition and State Fair.

(b) For the purposes of Section 6502 of the Government Code, the common powers to be exercised by the State Fair Leasing Authority shall be the powers of a district agricultural association.

3352. (a) The authority shall be governed by a board of directors which shall be composed of the Secretary of Food and Agriculture, the Director of Finance, the Director of General Services, and ~~three individuals~~ *four individuals, appointed as provided in paragraph (1)*, who are members of the Board of Directors of the California Exposition and State Fair. The Treasurer and Controller shall be members of the board of the authority only for the purposes of hearing and deciding upon matters related to the issuance of revenue bonds pursuant to this chapter. The Director of Finance shall serve as chairperson of the authority. All meetings of the authority shall be open and public.

(1) Of the ~~three~~ *four* appointed members of the Board of Directors of the California Exposition and State Fair, one shall be appointed by the Speaker of the Assembly, one shall be appointed by the Senate Committee on Rules, and ~~one~~ *two* shall be appointed by the Governor.

1     (2) The authority may ~~appoint a general manager who shall be~~  
2 ~~subject to confirmation by the Senate Committee on Rules: contract~~  
3 ~~with consultants as approved by the board of the authority. The~~  
4 ~~authority may not employ any other staff.~~

5     (3) The general manager of the California Exposition and State  
6 Fair may ~~not serve in any paid~~ only serve in an advisory capacity  
7 to the authority.

8     (b) The authority is a “department” for the purposes of hearings  
9 pursuant to Article 2 (commencing with Section 11180) of Chapter  
10 2 of Part 1 of Division 3 of the Government Code.

11     3353. (a) The California Exposition and State Fair shall  
12 provide clerical services *and the use of its staff without charge* to  
13 the authority. The Department of Finance, the Department of Food  
14 and Agriculture, the Department of General Services, and the  
15 California Horse Racing Board shall cooperate with the authority,  
16 and, upon request of the chairperson of the authority, shall provide  
17 the authority with the reasonable and periodic use of their staffs.

18     (b) The Attorney General shall serve as counsel for, and adviser  
19 to, the authority, and ~~the Treasurer~~ shall approve outside counsel  
20 to the authority in furtherance of the provisions of this chapter, as  
21 requested by the chairperson of the authority.

22     (c) The costs, if any, for services to the authority specified in  
23 subdivisions (a) and (b) shall be paid for by the authority, with  
24 funds generated pursuant to this chapter. Any costs in excess of  
25 the funds available to the authority shall be paid by the California  
26 Exposition and State Fair.

27     3354. The authority may enter into leases or other agreements  
28 for the use of the State Fair Race Track or any other property  
29 owned or controlled by the California Exposition and State Fair  
30 ~~which the authority deems~~ are necessary to further the purposes  
31 of Section 3331 or to provide horse racing at the State Fair Race  
32 Track. A lease or agreement entered into pursuant to this section  
33 shall be on behalf of the California Exposition and State Fair, and  
34 the State Fair shall continue in control of its property, subject to  
35 the conditions and terms of that lease or agreement.

36     3355. The California Exposition and State Fair, in consultation  
37 with the authority, shall prepare a master plan *approved by the*  
38 *board of directors of the fair* for the long-range comprehensive  
39 development and improvement of, and construction upon, the  
40 property of the California Exposition and State Fair. The plan shall

1 prescribe the amounts which may be expended for the various  
2 features of the plan, the period authorized for the completion of  
3 each project, and the terms of any revenue bond financing  
4 undertaken with respect to the plan. The plan shall require that any  
5 revenue bond financing shall be rated in one of the four highest  
6 rating categories by two nationally recognized rating agencies.  
7 Upon its completion, the master plan shall be submitted to the  
8 ~~Legislature~~ *Joint Legislative Budget Committee* for ~~approval~~  
9 *review*. The master plan is subject to amendment by the authority,  
10 *with the approval of the board of directors of the California State*  
11 *Fair.*

12 3356. The California Horse Racing Board, at the request of  
13 the authority, shall certify the eligibility of any prospective lessee  
14 or user of the property to be licensed to conduct horse racing at  
15 the State Fair Race Track.

16 3357. (a) In leasing, or entering into agreements for the use  
17 of, the State Fair Race Track or other fair property, the authority  
18 shall follow the same procedures, as appropriate, as the Department  
19 of General Services follows in leasing or entering into similar  
20 agreements for other state real property.

21 (b) Prior to awarding a lease of, or entering into an agreement  
22 for the use of, the State Fair Race Track, the authority shall  
23 consider all the factors concerning appropriate capital  
24 improvements of the race track, the financing of the race track,  
25 additional racing opportunities, and any use of new or additional  
26 properties or facilities, including, but not limited to, a grandstand  
27 or grandstand improvements, which factors shall be considered in  
28 the award of the lease or entering into the agreement. The authority  
29 shall also consult with any affected local governing bodies prior  
30 to awarding the lease or entering into the agreement.

31 3358. If the authority makes a determination pursuant to this  
32 chapter about an action it proposes to take in awarding the State  
33 Fair Race Track lease or entering into the agreement, it shall report  
34 to the Legislature, setting forth the procedures followed by the  
35 authority in reaching its determination and the reasons the proposed  
36 award or agreement is in the best interests of the state. The  
37 authority shall also make recommendations regarding any  
38 additional legislation which it deems necessary. However, no  
39 legislative action is required to make a lease or agreement entered  
40 into by the authority effective and operative.

1     3359. After the award of a lease or upon entering into an  
2 agreement for the use of State Fair property, the authority shall  
3 meet periodically to review the operation of the lease or agreement,  
4 and the master plan, and to consider any other related matters. It  
5 shall also make any recommendations that it deems proper to the  
6 Legislature, other state agencies, including, but not limited to, the  
7 California Exposition and State Fair, and to the lessee or user of  
8 the property.

9     3360. (a) The authority, in the exercise of its powers, may  
10 pledge any and all revenues, moneys, accounts, accounts  
11 receivable, contract rights, and other rights to payment of any kind,  
12 pursuant to the terms and conditions approved by the authority.  
13 The revenues, moneys, accounts, accounts receivable, contract  
14 rights, and other rights to payment pledged by the authority or its  
15 assignees constitute a lien and security interest which immediately  
16 attaches to the property so pledged, and is effective, binding, and  
17 enforceable against the authority, its successors, purchasers of the  
18 property so pledged, creditors, and all others asserting rights  
19 therein, to the extent set forth, and in accordance with, the terms  
20 and conditions of the pledge, irrespective of whether those persons  
21 have notice of the pledge and without the need for any physical  
22 delivery, recordation, filing, or further act.

23     (b) The California Exposition and State Fair shall be responsible  
24 for any debt incurred pursuant to this chapter, and the capital of  
25 the California Exposition and State Fair shall be used to guarantee  
26 any indebtedness.

27     3361. The State of California pledges to, and agrees with, the  
28 holders of any bonds, other indebtedness, or obligations for the  
29 financing of the improvements described in the master plan  
30 pursuant to Section 3355, and which are issued or executed and  
31 delivered by the authority, or the California Exposition and State  
32 Fair, that the state will not alter or change the structure of funding  
33 of, and deposits to, the authority or to the California Exposition  
34 and State Fair pursuant to the provisions of Article 9.2  
35 (commencing with Section 19605) of Chapter 4 of Division 8 of  
36 the Business and Professions Code, or the pledge of funds for debt  
37 service, security, including any coverage factors, and expenses  
38 entered into pursuant to this chapter until the bonds, other  
39 indebtedness, or obligations are fully paid or discharged or have  
40 been fully provided for in accordance with their terms. However,

1 nothing precludes any alteration or change if and when adequate  
2 provision has been made by law for the protection from impairment  
3 of the contract represented by the bonds, other indebtedness, or  
4 obligations, and the right to alter or change is hereby reserved.  
5 The authority, and the California Exposition and State Fair, are  
6 each authorized to include this pledge and undertaking of the state  
7 in their bonds, agreements evidencing other indebtedness, and  
8 other indebtedness or obligations for the financing of the  
9 improvements described in the master plan pursuant to Section  
10 3355. The

11 *The* authority shall notify the Joint Legislative Budget Committee  
12 at least 90 days prior to authorizing the sale of revenue bonds  
13 pursuant to this chapter. The notice shall specify all the terms and  
14 conditions of the revenue bonds, including, but not limited to, the  
15 total amount of the bonds, the revenue source, and the repayment  
16 period. Any bond so issued shall contain on its face a statement  
17 to the following effect: "Neither the full faith and credit nor the  
18 taxing power of the State of California is pledged to the payment  
19 of the principal of, or interest on, this bond." ~~Any bonds,~~  
20 ~~indebtedness, or other obligations issued or executed and delivered~~  
21 ~~by the authority shall be approved by the Legislature.~~